Press release

This document contains the "Additional periodic financial information" that the Company makes available to the public, also in compliance with its regulatory obligations as an issuer listed on the STAR segment of Borsa Italiana.

The structure and content of the information contained in this document are unchanged relative to the Interim Reports already published, also in compliance with Article 154-ter, paragraph 5, of the Consolidated Financial Law.

The Board of Directors approves the Interim Report at March 31, 2020

EBITDA MARGIN RISING TO 11% PROVES THE EFFECTIVENESS OF RDM GROUP STRATEGY WITHIN CHALLENGING MARKET CONDITIONS

- **CONSOLIDATED NET SALES AT €182.6 MILLION, DOWN SLIGHTLY (-0.6%) COMPARED WITH €183.7 MILLION AT MARCH 31, 2019.**
- **CONSOLIDATED EBITDA OF €20.1 MILLION, UP 5.7% COMPARED WITH €19.1 MILLION AT MARCH 31, 2019.**
- **CONSOLIDATED EBIT OF €12.3 MILLION, UP 2.6% COMPARED WITH €12 MILLION AT MARCH 31, 2019.**
- **CONSOLIDATED NET PROFIT OF €9.4 MILLION, UP 18% COMPARED WITH €7.9 MILLION AT MARCH 31, 2019.**
- **NET FINANCIAL DEBT DOWN TO €50 MILLION (€52 MILLION AT DECEMBER 31, 2019).**
- **MICHELE BIANCHI CONFIRMED AS CHIEF EXECUTIVE OFFICER.**
- **APPOINTMENT OF THE INTERNAL COMMITTES AND OF THE SUPERVISORY BOARD.**
- **ASSIGNMENT OF SHARES TO THE CEO UNDER THE 2017-2019 INCENTIVE PLAN.**
- **ASSIGNMENT OF THE STOCK GRANT PLAN AND PHANTOM STOCK GRANT PLAN RIGHTS FOR THE 2020-2022 THREE YEAR PERIOD.**

Milan, April 29, 2020 - The Board of Directors of Reno De Medici S.p.A. examined and approved the Interim Report at March 31, 2020.

Michele Bianchi, CEO of the RDM Group commented:

"The 5.7% increase in EBITDA, which brought the EBITDA margin to 11%, was achieved in what proved to be a very challenging scenario in the first quarter of 2020: the three-week forced stoppage of the Villa Santa Lucia plant was followed by the crisis triggered by the spread of Covid-19. In this situation, our business model, which is based on a continuous search for operating efficiencies and synergies within a multi-mill approach, allowed us to reap the benefits of a robust demand and input costs that remained at contained average levels for the quarter.

In addition, in this unprecedented new situation, the ability of the entire RDM Group team to ensure business continuity played a crucial role. We promptly took a series of measures intended to ensure the health of our workers in the factories and enabled all our colleagues, who can work remotely, to work from home. We were thus able to continue to serve our clients at a time when demand for our cartonboard was generating increasing orders, driven by end use in the food and pharmaceutical sectors, and, most likely, by the will of converters to secure adequate inventory levels in the event of supply chain disruptions.

I am convinced that moments of severe discontinuity like the present one will lead us to a very thorough rethinking of how we should work in the future to meet the new needs relating to the demand, production and distribution of our products. Consequently, at the RDM Group in the recent weeks we have undertaken an extensive analysis of possible future scenarios: we believe that the changes will bring new risks that will need to be managed, but also new ways forward and opportunities to be grasped. Despite this major global challenge and crisis, we are more determined than ever to play our role as market leader."

<u>Group's performance at March 31, 2020</u>

In the first three months of 2020, volumes increased in both the WLC and the FBB market segments. RDM Group reported higher increases in volumes sold than the market average in both business segments. In terms of consolidated sales this allowed us to almost fully offset the impact of lower selling prices compared with the first quarter of 2019. The increase in EBITDA, with an EBITDA margin of 11%, therefore reflects the favourable trend of input costs, which saw a decline in both fibers and energy, and the generation of further operating efficiencies and synergies. The higher EBITDA drove a significant bottom-line increase in the income statement thanks to the contribution of lower net financial expense and a reduced tax rate.

The RDM Group's core business, WLC (White Lined Chipboard segment – coated paperboard for packaging based on recycled fibers) accounted for 83% of consolidated sales. The second half of 2019 had seen the beginning of an upward trend in demand that strengthened in the first months of 2020 and led to an increase of 2.7% by volume compared with the same period in 2019. Although the Covid-19 pandemic has led to the suspension of operations in several industry sectors, cartonboard production continued, as it is an essential component of various types of packaging primarily in the agri-food and pharmaceutical sectors. The increased demand for food packaging, along with concern among packaging manufacturers of stoppages in the cartonboard supply chain, led to greater demand than in the first quarter of 2019.

Turning to the main production factors, the cost of recycled paper for almost the whole first quarter of 2020 remained at the lowest level reached at the end of 2019. The Covid-19 pandemic led to an increase in the price of recycled fibers from mid-March 2020, caused by declining supply. This decrease was caused above all by the temporary shutdown of many industrial and commercial sectors, which use packaging and thus produce recycled paper, and also by the decline in waste collection due to some disruptions of collection and processing services. This phenomenon has been seen in all countries where there have been temporary shutdowns of industry and commerce and restrictions on personal movement to contain the spread of the virus.

In the first quarter of 2020, the RDM Group increased the tonnage sold in its core business (WLC) by 4.9% compared with the same period of 2019, leveraging on the positive demand trend and the essential nature of its product. All the Group's mills have continued to manufacture and ship products since the start of the lockdown. The tons of finished products in stock at the various sites have declined considerably as a result of a stocking and order recall policy implemented by clients.

The sole exception was the Villa Santa Lucia plant, which halted production, from February 7 to March 1, 2020, following the seizure of Cosilam Consortium's wastewater treatment plant, to which the paper mill sends its wastewater, rendered by the competent judicial authority. RDM has taken a series of initiatives to mitigate this loss of production by continuing to ship the cartonboard previously produced by Villa Santa Lucia and reallocating part of this plant's orders to the Group's other mills. Lost production totaled about 15,000 tons, and the economic impact was spread over February and March.

The RDM Group's selling prices for the first quarter of 2020 reflected the downtrend that had begun in the second half of 2019. Consolidated net sales were impacted by lower selling prices compared with the first quarter of 2019 but benefited from higher volumes sold. The Group's EBITDA was driven by lower costs compared with 2019, mainly as a result of favourable price trend for recycled paper and the consolidated operating efficiencies in the use of raw materials. In the first three months of 2020, energy costs also declined compared with the same period of 2019, thanks to supply contracts previously agreed by the Group.

The FBB segment (Folding Box Board - cartonboard for folding boxboard based on virgin fibers) accounted for 17% of RDM's consolidated sales. In the first quarter of 2020 industry-wide market demand reversed the 2019 negative trend, marking a +4.1% by volume at the end of March 2020 compared with the same period of 2019.

Virgin pulp costs declined compared with the first quarter of 2019, confirming their downward trend. Prices have been rising since April 2020 due to the increase in demand for raw material from the sanitary paper sector and from cartonboard manufacturers operating in the food and pharmaceutical supply chain, in addition to the restarting of production activities in China, after the Covid19-related halting at year-start.

In the context of robust demand, the French subsidiary La Rochette outperformed the market, increasing by 9.2% the tons sold in the first quarter of 2020 compared with the same period of 2019. The volume increase offset the slight decline in selling prices and, together with the favourable price trend of virgin fibers, led to the increase of the FBB segment's contribution to the Group's EBITDA. EBITDA margin (7.8% at the end of March 2020) stood at levels that, despite the above-average figure reported by the French subsidiary, remained generally below the EBITDA achieved by the RDM Group's core business.

The Group's net profit, amounting to €9.4 million, grew compared with €7.9 million at March 31, 2019 (+18%) and reflects, on the one hand, the positive EBITDA performance (+€1.1 million) that allowed the Group to offset higher amortization and depreciation (€770 thousand), and on the other, lower financial expenses of €920 thousand.

The main consolidated Income Statement figures at March 31, 2020 follow:

Consolidated net sales amounted to €182.6 million compared with €183.7 million for the first quarter of 2019. This slight decline was attributable to the reduction in selling prices, primarily in the WLC segment, almost fully offset by the increase in tons sold. In the first quarter of 2020, **volumes sold** stood at 318 thousand tons compared with 302 thousand tons for the same period of 2019.

In terms of geographical markets, the pro-rata contribution of Italian sales was stable at 29% of Group sales, with a slight increase in absolute terms (€53.6 million compared with €53.2 million for 2019), as lower selling prices were offset by higher volumes sold. Europe continued to represent the RDM Group's core market and its contribution decreased from 59.7% (€109.7 million) to 57.9% (€105.7 million): in this market the increase in volumes sold did not fully offset the decline in selling prices. By contrast, sales to the rest of the world rose from 11.3% (€20.8 million) to 12.8% (€23.3 million), mainly as a result of higher volumes sold.

The **cost of raw materials and services** amounted to €123.1 million compared with €141 million for 2019, down €17.9 million. This was due to a lower average cost of recycled paper and virgin fibers compared with the first quarter of 2019. All other cost items were in line with the previous year, with the exception of transport costs, whose weight on the cost of sales increased slightly as a result of the criticalities experienced above all in cross-border shipments.

In the first quarter of 2020, **personnel costs** amounted to €26.5 million, in line with €26.7 million for the same period of 2019.

In the first three months of 2020, **gross operating profit (EBITDA)** stood at €20.1 million compared with €19.1 million for the same period of 2019 (+5.7%). EBITDA margin was 11%, up compared with 10.4% for the same period of 2019.

Consolidated operating profit (EBIT) amounted to €12.3 million, up +2.6% compared to €12 million at the end of March 2019. The increase in EBITDA was partly offset by higher amortization and depreciation reported in the first quarter of 2020.

Consolidated net profit, amounting to €9.4 million, grew compared with €7.9 million at March 31, 2019 (+18%) and mainly due to the positive EBITDA performance (+€1.1 million) that allowed the Group to offset higher amortization and depreciation (€770 thousand) and to lower financial expenses of €920 thousand. The tax rate dropped from 28.8% to 24.4% and total taxes were €3 million at March 31, 2020 compared with €3.2 million for the first quarter of 2019, thanks to the greater taxable income generated by some companies that reported tax losses carryforward.

Consolidated net financial debt at March 31, 2020 amounted to €50 million, down €2 million compared with March 31, 2019 (€52 million).

In the first quarter of 2020, the Group's **capital expenditure** amounted to €2.6 million, compared with €4.8 million in 2019. Traditionally, capital expenditure in the first quarter of the year is quite limited largely because significant investments are concentrated during the holiday periods of August and December.

Outlook

The current situation obviously features significant elements of uncertainty linked to the Covid 19 emergency. The first element concerns the duration of the current emergency and, as a result, the plans to reopen production activities by the various countries involved.

The second element to consider is the duration of the global recession and the impact, according to the curve of the recession itself, on the sector in which the RDM Group operates. Lastly, there is still no clarity regarding the scope and operation of the European Community's interventions to support the economy.

In the RDM Group's core business, **White Lined Chipboard** (WLC), the short-term outlook (second quarter) continues to be fairly positive in volume terms whilst a downturn can be expected in the second half of the year. Recycled paper prices, after the further fall in the first quarter of 2020, are showing a clear upward trend as a result of reduced collections linked to the Covid 19 emergency. The duration and impact of the upward trend is once again linked to the length of the current emergency and re-opening of the production sectors that are currently closed. Regarding selling prices, these remained substantially stable in the first quarter. There could be a rise in the short-term as a result of the upward trend in raw materials. In this sense the Group has announced a price increase that is being implemented at the moment.

As far as the **Folding Box Board (FBB**) sector is concerned, the same considerations apply as for the WLC sector. In raw material terms, the upward price trend is caused by increased demand in certain sectors and areas positively impacted by the ongoing emergency and greater use due to recycled grades being substituted with virgin grades as a result of reduced collections and recycling.

In terms of profitability, the RDM Group does not have a particularly negative view in the short-term, the only critical element concerning a lack of knowledge about movements in raw material prices. More significant impacts are to be expected in the second half of the year, depending on how long the Covid emergency lasts.

The Group's financial situation could be adversely affected by the current scenario in the event of non-payment by customers. Although the RDM Group did not suffer particular negative effects in the first quarter, it is nonetheless assessing all possible measures required to mitigate future effects on its net financial position, which is currently very solid.

MICHELE BIANCHI CONFIRMED AS CHIEF EXECUTIVE OFFICER

The Board of Directors confirmed Michele Bianchi as Chief Executive Officer of Reno De Medici S.p.A. for the 2020-2022 three-year period and until the approval of the Financial Statement as at December 31st, 2022.

APPOINTMENT OF THE INTERNAL COMMITTEES, OF THE SUPERVISORY BOARD AND VERIFICATION OF THE INDEPENDENCE REQUIREMENTS OF THE DIRECTORS

The Board of Directors appointed the internal Committees and the Supervisory Board for the 2020-2022 three-year period and until the approval of the Financial Statement as at December 31st, 2022 as follows:

Control and Risk Committee composed by Giulio Antonello, Sara Rizzon and Laura Guazzoni, the latter designated as Chairman;

Remuneration Committee composed by Gloria Marino, Sara Rizzon and Giulio Antonello, the latter designated as Chairman;

Nomination Committee composed by Sara Rizzon, Laura Guazzoni and Giulio Antonello, the latter designated as Chairman;

Related Parties Committee composed by Giulio Antonello, Gloria Marino and Laura Guazzoni, the latter designated as Chairman;

Supervisory Board composed by Laura Guazzoni, Gloria Marino and Daniele Ripamonti, the latter designated as Chairman.

Finally, the Board of Directors ascertained that the Directors Giulio Antonello, Laura Guazzoni and Gloria Marino have the independence requirements in accordance with the assessment criteria as per article 3.C.1 of the Corporate Governance Code and in accordance with the instructions to the Regulations of the markets organized and managed by Borsa Italiana S.p.A.

ASSIGNMENT OF SHARES TO THE CEO UNDER THE 2017-2019 INCENTIVE PLAN

The Board of Directors acknowledged that the three-year period of reference of the 2017-2019 Stock Grant Plan established by the Shareholders' Meeting on April 28, 2017 ended with the today's approval of the Financial Statements at December 31, 2019. It therefore confirmed that the Chief Executive Officer had achieved his performance objectives for the three years subject to the Plan and, as a result, the Board resolved to grant, free of charge, Michele Bianchi the maximum number of Reno De Medici S.p.A.'s ordinary shares as provided by the 2017-2019 Stock Grant Plan, with effect from today and by June 30, 2020.

ASSIGNMENT OF THE STOCK GRANT PLAN AND PHANTOM STOCK GRANT PLAN RIGHTS FOR THE 2020-2022 THREE YEAR PERIOD

According to article 84-bis Consob Regulation No. 11971/1999, it is communicated that the Board of Directors resolved the assignment of the rights related to Stock Grant Plan 2020-2022 and to Phantom Stock Grant Plan 2020-2022, approved by the today's Shareholders Meeting.

The Board of Directors attributed overall 2,070,000 rights related to Stock Grant Plan 2020-2022 and 2,070,000 rights related to Phantom Stock Grant Plan 2020-2022. Among the beneficiaries are included the Chief Executive Officer and the Managers with strategic responsibilities of the Company.

The characteristics of the Plans are fully reported in the Directors Report to the Shareholders' Meeting of April 29, 2020 and in the Information Documents prepared in accordance with article 84-bis of Consob Regulation No. 11971/1999, available on the Company website: www.rdmgroup.com/ Section Governance/Shareholders Meeting.

Attached the Table No. 1 of Scheme 7 of the Annex 3A of the Consob Regulation n. 11971/1999.

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Mr. Luca Rizzo, the officer in charge of drafting the Company's accounting documents, declares pursuant to Art. 154-bis, sub-section 2, of Italian Legislative Decree 58/1998 ("Consolidated Financial Law") that the accounting information contained in this press release corresponds to documentary results and to accounting books and records.

This document is an English translation from Italian. The Italian original shall prevail in case of difference in interpretation and/or factual errors.

From today, the Interim Report at March 31, 2020 will be available at the Company's registered office in Milan, Viale Isonzo 25, and on the corporate website www.rdmgroup.com (Investor Relations/Financial statements and reports). It will also be searchable on the authorized storage system accessible at the site www.emarketstorage.com.

Attached:

- Consolidated Income Statement at March 31, 2020
- Consolidated Statement of Financial Position at March 31, 2020
- Consolidated Net Financial Position at March 31, 2020
- Table No. 1 of Scheme 7 of the Annex 3A of the Consob Regulation n. 11971/1999.

For further information

Reno De Medici
Investor Relations Officer
Chiara Borgini
Tel: +39 02 89966204
E-mail: investor.relations@rdmgroup.com

Media Relations
Barabino&Partners
Stefania Bassi, Francesco Faenza
Tel: +39 02 72023535
E-mail: s.bassi@barabino.it; f.faenza@barabino.it

IR Advisor
Blue Arrow
Maria Grazia Mantini
Tel: +41 91 2291710
E-mail: mariagrazia.mantini@bluearrow.ch

Consolidated Income Statement at March 31, 2020

Consolidated Income Statement	03.31.2020	03.31.2019
(€ thousands)		
Sales	182,561	183,706
Other sales and income	2,210	2,436
Change in inventories of finished goods	(13,055)	2,173
Cost of raw materials and services	(123,079)	(140,995)
Personnel costs	(26,452)	(26,684)
Other operating costs	(2,036)	(1,575)
Gross operating profit (EBITDA)	**20,149**	**19,061**
Depreciation, amortization and write-downs	(7,867)	(7,096)
Operating profit (EBIT)	**12,282**	**11,965**
Financial expense	(803)	(1,034)
Gains (losses) on foreign exchange	162	126
Financial income	654	
Net financial income/(expense)	13	(908)
Income (losses) from equity investments	99	102
Taxes	(3,018)	(3,211)
Profit (Loss) for the period	**9,376**	**7,948**
Attributable to:		
Group's share of profit (loss) for the period	9,376	7,948
Minority interest in profit (loss) for the period		

Consolidated Statement of Financial Position at March 31, 2020

Statement of Financial Position - ASSETS	03.31.2020	12.31.2019
(€ thousand)		
Non-current assets		
Property, plant and equipment	228,102	232,586
Right-of-use assets	12,519	12,371
Goodwill	4,389	4,389
Other intangible assets	16,482	16,368
Equity investments	909	810
Deferred tax assets	383	389
Other receivables	5,522	5,518
Total non-current assets	**268,306**	**272,431**
Current assets		
Inventories	99,042	108,948
Trade receivables	82,132	77,129
Other receivables	16,472	16,552
Derivative instruments		
Cash and cash equivalents	38,307	40,382
Total current assets	**235,953**	**243,011**
TOTAL ASSETS	**504,259**	**515,442**

Statement of Financial Position - EQUITY AND LIABILITIES	03.31.2020	12.31.2019
(€ thousands)		
Equity		
Equity attributable to the Group	214,684	205,478
Total equity	**214,684**	**205,478**
Non-current liabilities		
Payables to banks and other lenders	59,212	63,986
Derivative instruments	725	752
Deferred tax liabilities	8,763	8,660
Employee benefits	36,249	36,410
Non-current provisions	4,440	4,221
Total non-current liabilities	**109,389**	**114,029**
Current liabilities		
Payables to banks and other lenders	26,903	25,610
Derivative instruments	1,590	2,211
Trade payables	120,066	141,209
Other payables	25,467	23,053
Current taxes	5,017	2,884
Current provisions	996	870
Employee benefits	147	98
Total current liabilities	**180,186**	**195,935**
TOTAL EQUITY AND LIABILITIES	**504,259**	**515,442**

Consolidated Net Financial Position at March 31, 2020

Net financial position	03.31.2020	12.31.2019	Change
(€ thousands)			
Cash, cash equivalents and short-term financial receivables	38,386	40,529	(2,143)
Short-term financial debt	(26,903)	(25,610)	(1,293)
Valuation of current portion of derivatives	(1,590)	(2,211)	621
Short-term net financial position	**9,893**	**12,708**	**(2,815)**
Medium-term financial debt	(59,212)	(63,986)	4,774
Valuation of non-current portion of derivatives	(725)	(752)	27
Net financial position	**(50,044)**	**(52,030)**	**1,986**

COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS

TABLE NO. 1 OF THE SCHEME 7 OF THE ANNEX 3RD OF THE REGULATION NO. 11971/1999

Name and surname or category	Office	TABLE 1						
		Financial Instruments different from *stock option*						
		SECTION 2 Newly assigned tools based on the decision of the Board of Directors for the implementation of the Shareholders' Meeting resolution						
		Date of the Shareholders Resolution	Financial instruments	Number of the Financial instrumentsassig ned	Date of the assignment	Eventual purchase price of the instruments	Prezzo di mercato all'assegnazione	*Vesting Period*
Director	Chief Executive Officer	29.04.20	Stock Grant	1,800,000	29.04.20	Not applicable	Not applicable	2020-2022
Director	Chief Executive Officer	29.04.20	Phantom Stock Grant	1,800,000	29.04.20	Not applicable	Not applicable	2020-2022
Managers with strategic responsabilities		29.04.20	Stock Grant	270,000	29.04.20	Not applicable	Not applicable	2020-2022
Managers with strategic responsabilities		29.04.20	Phantom Stock Grant	270,000	29.04.20	Not applicable	Not applicable	2020-2022

NOTE: eventual amendments and integrations will be communicated in the ways and terms of the law.